

**ASSEMBLY BILL**

**No. 2724**

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**Introduced by Assembly Member Blumenfield**

February 19, 2010

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An act to amend Section 2863 of the Public Utilities Code, relating to solar energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2724, as introduced, Blumenfield. Solar water heating.

The Solar Water Heating and Efficiency Act of 2007 requires the Public Utilities Commission to evaluate the data available from a specified pilot program, and, if it makes a specified determination, to design and implement a program of incentives for the installation of 200,000 solar water heating systems in homes and businesses throughout the state by 2017. The act requires the commission to fund the program through the use of a surcharge applied to gas customers based upon the amount of natural gas consumed.

This bill would require the commission, in order to encourage the installation of solar water heating systems in buildings owned and occupied by public agencies, to consider additional incentives for the installation of solar water heating systems by public entities, including, but not limited to, exemptions or partial exemptions from the surcharge. The bill would require the commission to give special consideration to large users of hot water such as jails, prisons, and public hospitals.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 2863 of the Public Utilities Code is amended to read:

2863. (a) (1) The commission shall evaluate the data available from the Solar Water Heating Pilot Project conducted by the California Center for Sustainable Energy. If, after a public hearing, the commission determines that a solar water heating program is cost effective for ratepayers and in the public interest, the commission shall ~~do all of the following~~:

(1) ~~Design~~ *design* and implement a program applicable to the service territories of a gas corporation, to achieve the goal of the Legislature to promote the installation of 200,000 solar water heating systems in homes and businesses throughout the state by 2017.

(2) The program shall be administered by gas corporations or third-party administrators, as determined by the commission, and subject to the supervision of the commission.

(3) The commission shall coordinate the program with the Energy Commission's New Solar Homes Partnership to achieve the goal of building zero-energy homes.

(4) *To encourage the installation of solar water heating systems in buildings owned and occupied by public agencies, the commission shall consider additional incentives for the installation of solar water heating systems by public entities, including, but not limited to, exemptions or partial exemptions from the surcharge imposed pursuant to subdivision (b). The commission shall give special consideration to large users of hot water such as jails, prisons, and public hospitals.*

(b) (1) The commission shall fund the program through the use of a surcharge applied to gas customers based upon the amount of natural gas consumed. The surcharge shall be in addition to any other charges for natural gas sold or transported for consumption in this state.

(2) The commission shall impose the surcharge at a level that is necessary to meet the goal of installing 200,000 solar water heating systems, or the equivalent output of 200,000 solar water heating systems, on homes and businesses in California by 2017. Funding for the program established by this article shall not, for the collective service territories of all gas corporations, exceed

1 two hundred fifty million dollars (\$250,000,000) over the course  
2 of the 10-year program.

3 (3) The commission shall annually establish a surcharge rate  
4 for each class of gas customers. Any gas customer participating  
5 in the California Alternate Rates for Energy (CARE) or Family  
6 Electric Rate Assistance (FERA) programs shall be exempt from  
7 paying any surcharge imposed to fund the program designed and  
8 implemented pursuant to this article.

9 (4) Any surcharge imposed to fund the program designed and  
10 implemented pursuant to this article shall not be imposed upon the  
11 portion of any gas customer's procurement of natural gas that is  
12 used or employed for a purpose that Section 896 excludes from  
13 being categorized as the consumption of natural gas.

14 (5) The gas corporation or other person or entity providing  
15 revenue cycle services, as defined in Section 328.1, shall be  
16 responsible for collecting the surcharge.

17 (c) Funds shall be allocated for the benefit of gas customers to  
18 promote utilization of solar water heating systems.

19 (d) In designing and implementing the program required by this  
20 article, no moneys shall be diverted from any existing programs  
21 for low-income ratepayers or cost-effective energy efficiency  
22 programs.